



**Directorate of
Intelligence**

Secret

25X1

Indonesia: Tightening the Screws— Soeharto's Growing Authoritarianism

An Intelligence Assessment

25X1

Secret

*EA 84-10143
July 1984*

Copy **307**

Page Denied



Indonesia: Tightening the Screws— Soeharto's Growing Authoritarianism

25X1

An Intelligence Assessment

This paper was prepared by [redacted]
[redacted] Office of East Asian Analysis.
Comments and queries are welcome and may be
directed to the Chief, Southeast Asia Division, OEA,
[redacted]

25X1

25X1

25X1

Secret

EA 84-10143
July 1984

Secret

25X1

**Indonesia:
Tightening the Screws—
Soeharto's Growing
Authoritarianism**

25X1

Key Judgments

*Information available
as of 5 June 1984
was used in this report.*

President Soeharto has begun his fourth five-year term in office with an eye on his place in history:

- He has begun the process of regeneration within the military and the government by promoting younger people—all Soeharto loyalists—to replace his comrades from the revolutionary generation of 1945 in leadership positions.
- He also has accelerated institutional changes to restructure the military and to convert the government party (Golkar) into a more effective organization so that he will bequeath to his successor an effective political system.

The 1981-83 recession, however, has weakened the government's economic underpinnings and contributed to a shift in Soeharto's tactics for maintaining political stability in Indonesia. Soeharto now faces the danger that some of the more repressive measures taken in the past year may become institutionalized at the same time economic austerity undercuts the government's ability to attack the underlying causes of Indonesia's political and social strains. The result could be a rise in domestic discontent and a backlash against the government that would produce further repression.

25X1

Secret

*EA 84-10143
July 1984*

Secret

25X1

**Indonesia:
Tightening the Screws—
Soeharto's Growing
Authoritarianism**

25X1

Tightening the Screws

Soeharto's ruling style traditionally has incorporated a mix of coercion and co-option that has varied as his political strength changed and events dictated (see inset). His gradual assumption of power following the October 1965 abortive Communist coup, for example, reflected his cautious approach and a realistic assessment of the political strengths and loyalties of various groups such as the Sukarnoists, the Communists, other political parties, civilian politicians, and factions within the military. He skillfully manipulated his adversaries, including former President Sukarno, as he consolidated his hold on power without arousing organized opposition or antagonizing the masses.

The severity of the 1981-83 recession has intensified government concern over internal stability and helped spur Soeharto to shift from his traditional preference for balancing coercion with less repressive measures. The government has resorted to increasingly authoritarian measures to deal with social and political problems in the past year and a half—in contrast to its pragmatic measures to restore the long-term health of the economy. In part, this reflects the government's reduced ability to alleviate social problems because of its financial austerity. We also believe it reflects a decreasing tolerance for political dissent by a regime that has held office for nearly 20 years and has never hesitated to use repressive measures against potential threats to domestic order.

Jakarta's tougher line during the past year is reflected particularly in:

- The unprecedented "mysterious shootings" campaign by special military units that have killed over 4,000 known or suspected criminals without judicial trials during the first year of operation.
- The submission to parliament of a bill proposing new legislation on internal exile—a move aimed at legitimizing the government's harsh treatment of political dissidents.

In early 1983, the government, in response to a rising wave of violent crime committed largely by organized urban gangs, undertook a campaign of arbitrarily shooting criminal suspects. Security officials, who referred to the killings as "mysterious shootings," were concerned that growing public apprehension over crime and distrust of local police forces threatened a breakdown in public order. Although the government has scaled down the killings in recent months, officials indicate Jakarta will not hesitate to resume such drastic measures to keep crime in check.

25X1

Earlier this year, a draft version of a controversial bill on internal exile was leaked to the public. It is intended to replace a 1962 presidential decree issued by former President Sukarno. Once it becomes law, it will legitimize the government's authority to detain dissidents, often on flimsy grounds or suspicions. The Soeharto government has previously used internal exile as a means of punishing dissidents. Thousands of Communists and their sympathizers, for example, were exiled for years on Buru Island, typically without any legal recourse. Soeharto released the last prisoners only after strong human rights pressures from the United States a few years ago. Although the Soeharto government remains sensitive to human rights criticisms, it continues to detain Timorese suspected of opposing the Indonesian takeover of the former Portuguese colony of East Timor on Atauro Island and would not hesitate to take similar action against any group challenging the government's authority.

25X1

25X1

25X1

In addition, the Soeharto government in the past year has reemphasized its concern with internal security through:

- The appointment in the spring of 1983 of loyalist hardliners to key cabinet posts to deal with internal security, students, and the labor force.

25X1

Secret

*Soeharto's Ruling Style**Soeharto's Use of the Carrot*

Soeharto has often emphasized co-optation to maintain his rule. To win and hold the loyalty of key associates and subordinates, he has tolerated a high level of personal corruption not only within his inner circle but also throughout the military and bureaucracy. In addition, Soeharto has permitted many of the symbolic trappings of democracy such as a vocal press, political parties, elections, and a parliament to act as safety valves for the political frustrations of many Indonesians—although within strict, but unwritten guidelines. [redacted]

Soeharto views the economy as a critical determinant of his political leverage. The rapid economic growth of the 1970s, underpinned by sharp increases in oil export earnings, enabled the government to play a benevolent role. Although critics complain that the government's development strategy is too capital intensive and has benefited mainly the elite, one of the regime's most striking accomplishments has been the doubling of rice output from 1968 to 1981. Agricultural growth has received a strong impetus from government investment in irrigation facilities, high-yield rice varieties, and the application of fertilizer and other modern techniques. Although Jakarta's motives are primarily to protect the military, civil servants, and the more influential urban consumers from rice shortages or sharp price hikes, the benefits of the government's rice pricing and production policies are evident in adequate rice supplies and the absence of rural unrest. [redacted]

Soeharto used the financial windfalls from oil exports in the 1970s to help maintain political control by increasing spending on popular programs such as food and fuel subsidies and on education, health, and housing. In addition, Jakarta has provided jobs in state enterprises and the bureaucracy for faithful supporters of the government party (Golkar). State-owned firms and government agencies direct business to favored suppliers and subcontractors. With central government control extending down to the village

level through the military command structure, bureaucratic channels, and the government party organization, spending on construction projects and other programs continues to be funneled to firms controlled by Soeharto loyalists. In addition, foreign investors must contract only with approved subcontractors and suppliers, an arrangement that gives government officials powerful leverage in winning support for the Soeharto regime. [redacted]

And the Stick

Soeharto, nevertheless, has maintained the underlying reality of a military regime that brooks no opposition. [redacted]

[redacted] Soeharto has never hesitated to use the full panoply of powers available to him to consolidate and maintain his rule. For example, although the government permits a fairly lively press to operate, Ministry of Information officials screen all publications to ensure they do not expose prohibited topics such as the business interests of Mrs. Soeharto, incidents of civil unrest, or other potentially damaging information. Whenever any of the media fails to observe the unwritten guidelines, the government responds swiftly. In the first four months of 1984, for example, the government shut down three publications. [redacted]

Soeharto also demonstrates a readiness to use military force whenever necessary to maintain order. Troops have been deployed in Indonesia's cities on numerous occasions when security officials feared explosions of violence, such as anti-Chinese riots or outbursts following election campaign rallies. Over the years, Soeharto has also used his power to transfer or reassign uncooperative officers or to reorganize the military to reward his loyalists and to remove potential challengers from positions of power. [redacted]

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

- An increase in antisubversive rhetoric by government spokesmen, including warnings of a resurgence of activity by the Communist Party.
- Repeated anti-Muslim measures, including attempts to impose the state ideology, *Pancasila*,¹ on all organizations. []

These measures bolster the regime's long-established policies of tightly controlling potential opposition elements and critics, including the media. []

The Cabinet—All Soeharto's Men

The most notable characteristics of the new Cabinet were the elimination of potential rivals to Soeharto and the concentration of power among a smaller circle of trusted advisers, particularly State Secretary Sudharmono and Armed Forces Commander Murdani. Major figures outside Soeharto's inner circle were excluded from top posts in government. Previous cabinets included such well-known independent figures as the Sultan of Jogjakarta, Adam Malik, and General Jusuf, a devout Muslim untainted by corruption. Indeed, Jusuf was considered by many as a potential successor to Soeharto after his appointment as Defense Minister in 1978. []

Some generational change in the new Cabinet was evident in Soeharto's transfer of longtime comrades such as Amir Machmud and the since deceased Ali Murtopo to less demanding jobs and their replacement by younger advisers. The Cabinet also includes more Javanese from Soeharto's native province and a stronger military representation in key portfolios than the previous cabinet. []

The appointment of the former head of internal security, Admiral Sudomo, as Minister of Manpower showed the regime's intent to maintain a tight lid on the activity of organized labor, which had become increasingly restive over growing unemployment and a wage squeeze since 1981. Although Sudomo has made it clear he will not tolerate strikes, he has often helped maintain labor peace by siding with labor against employers. He has taken a hard line against

¹ *Pancasila* is a broadly based formulation expressing five principles of belief in one god, humanitarianism, national unity, democracy, and social justice. The first principle, belief in one god, is intended to accommodate Muslims, Christians, Javanese mystics, and any other adherents of belief in a supreme being, while maintaining the reality of a secular state. []

many private employers, typically Chinese businessmen, and forced them to absorb at least part of the cost of supporting idle laborers during the current recession by prohibiting them from laying off workers without his approval. The Minister of Education, retired Gen. Nugroho Notosusanto, was credited with stifling student dissent when he was rector of the University of Indonesia and is continuing to cooperate closely with the military to maintain order on campus. []

Targeting the Security Threats

Government officials also repeatedly warn of the danger of a resurgence in Communist Party (PKI) activity as a result of the clandestine return of former PKI members who had fled Indonesia in the aftermath of the 1965 coup attempt. Over the past year and a half, security forces have arrested a handful of former PKI members who reentered Indonesia illegally from China and other Communist countries. Although security officials do not consider the number of illegal returnees an imminent threat, they are concerned over the specter of foreign support for the PKI and the danger that PKI promises may prove attractive to Indonesian youth, particularly if the economic situation deteriorates. Jakarta's nervousness about the PKI underscores its preoccupation with internal security; the remnants of the PKI—which was nearly eliminated following the attempted coup in 1965—pose no threat to the government. []

Government officials reserve their strongest statements for the threat posed by Islamic fundamentalism. Soeharto and his associates monitor all signs of Islamic opposition to avert a recurrence of the Muslim rebellions against the central government such as occurred during the war against the Dutch and the early years of the republic. They remain concerned that a resurgence of Muslim militancy threatens the unity of Indonesia and regularly monitor sermons in major mosques for signs of dissidence. On several occasions during the past few years, the government's fears have been intensified by the circulation of radical Islamic literature among students and other groups. Although Muslims have demonstrated against

Secret

government moves they considered anti-Islamic, they remain leaderless and divided. Most demonstrations quickly dissipate once the immediate cause is corrected or eliminated. []

Officials also are concerned over the danger of subversion presented by students returning from the Middle East where they might have been infected by radical Islamic tenets associated either with Iran's Khomeini or Libya's Qadhafi. Security officials monitor returning students for signs of radical influence. Besides relying on its internal security apparatus to counter the Islamic threat, the government has pushed hard to impose its nonsectarian, and essentially secular, state ideology, *Pancasila*, on all groups in society. []

Soeharto's Perspective: A Still Firmer Hand

Soeharto's position in Indonesia is as strong now as it will ever be. He is the unchallenged national leader with the full backing of the armed forces, the loyalty of the bureaucracy, and widespread respect among the populace. Opposition groups are disorganized and leaderless. No organization exists that can readily challenge the government nor is there any individual with the political stature to challenge Soeharto successfully. The Muslim schools might become a stage for a potential challenger, but we have too little information on them to determine whether they provide a suitable environment for the emergence of a charismatic leader who could attract enough followers outside the orthodox Muslim community. []

During the 1982-83 election campaign, Soeharto made a number of references to preparations for the transfer of power to a new generation of leaders and indeed he has begun the process. His contemporaries in the military—the generation of 1945—have begun to cede command to younger officers, although most observers expect Soeharto to remain in office after his current term expires in 1988—when he will be 67 years old—as long as his health remains good. []

Although Soeharto has brought some younger faces into the Cabinet, his inner circle is narrowing and outsiders have less access to him. His subordinates have found it difficult to report unpleasant news. []

[] Although Soeharto still exhibits realism in his assessments of current political and social developments, he faces a danger of growing isolation simply by virtue of his position. []

Reliance on a decreasing circle of loyalist advisers and the institutionalization of heavyhanded techniques—such as the shooting campaign, the internal exile law, and the *Pancasila* campaign—suggest the regime is growing less tolerant of alternative views, criticism, or threats to social order. Soeharto periodically lashes out against unspecified critics of his New Order economic policies. Recent statements, plus renewed threats by officials to close newspapers and magazines critical of government policies, offer further evidence of Soeharto's intolerance of dissent. []

Dangers Ahead

Having restored the nation from the political and economic chaos of the late Sukarno years, Soeharto seeks a legacy of political stability based on self-sustaining economic growth. The regime's tendency toward more authoritarian solutions during the current period of economic austerity and social strain, however, poses a danger of institutionalizing repression. The "mysterious shootings" campaign against criminal suspects provides a precedent for using similar tactics against other groups in the future. []

Jakarta's reliance on coercion to contain social pressures risks alienating significant segments of society and producing serious outbursts. For example, although efforts to impose *Pancasila* on all groups in society do not offend most of the population, the government's heavyhanded tactics have created ill will among many of the 20 to 30 percent who are orthodox Muslim believers. Ill-conceived government moves, such as the ban last year on wearing traditional Islamic headdress by high school girls, have the potential for producing major disturbances. A near riot ensued at the Al Azhar Mosque in Jakarta when security forces moved in to break up a meeting at which Muslim activist Tony Ardie criticized the ban. Similar incidents could escalate into widespread communal violence although Ardie's later arrest and trial

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

25X1

Secret

Secret

did not lead to major demonstrations. The 1980 anti-Chinese riots, for example, were sparked by a traffic accident. []

If Soeharto remains in office beyond 1988, there is an increasing risk that his current term could be the last five-year term in which his government can confidently undertake bold new initiatives or respond constructively to new problems. Beyond 1988, there is a danger that Soeharto and his close advisers will concentrate primarily on retaining power, resisting change, and relying on force rather than imagination to solve some of the intractable problems Indonesia will face. []

We cannot predict who will succeed Soeharto or when, but we can project some of the major domestic problems he or his successor will face in the coming decade, such as the need to deal with the nearly 2 million who will enter the labor force annually. Increasing rural landlessness, migration to the cities, rising expectations, and growing dissatisfaction with poor living standards will tax the government's limited financial and managerial resources. As employment in the informal sector of the urban economy approaches its saturation point, even street vending or pedicab driving will disappear as cushions for absorbing jobless workers and landless rural migrants to the cities. []

At the same time, Indonesia's oil exports will not generate financial windfalls in the 1980s as they did in the 1970s, and the country's primary commodity exports will not provide a comparable boost in foreign exchange earnings. As for the development of new manufacturing export industries, Jakarta faces both stiff competition from more advanced Third World producers and protectionism in developed country markets. With dim prospects for a dramatic improvement in the country's financial position in the next several years, the government will be hard pressed to avoid resorting to increased coercion to maintain stability. []

On the political front, Jakarta probably will face increasing demands for a political voice by groups that have been effectively disenfranchised by the government such as the intelligentsia, students, and

human rights advocates. With the danger of repression becoming institutionalized or cyclical as the government responds to political and social strains, pressure for political freedom is likely to cause growing problems. At present, we have no evidence of foreign involvement in Indonesia's domestic politics, but Jakarta's tighter finances and growing authoritarianism increase the government's vulnerability to internal political opposition with or without foreign support. []

25X1

25X1

25X1

25X1

25X1

Secret

Secret